

# SMALL BUSINESS TRADE AGENDA: STATUS AND IMPACT OF INTERNATIONAL AGREEMENTS

---

## HEARING BEFORE THE SUBCOMMITTEE ON AGRICULTURE, ENERGY AND TRADE OF THE COMMITTEE ON SMALL BUSINESS UNITED STATES HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS SECOND SESSION

---

HEARING HELD  
JANUARY 28, 2014

---



Small Business Committee Document Number 113-052  
Available via the GPO Website: [www.fdsys.gov](http://www.fdsys.gov)

---

U.S. GOVERNMENT PRINTING OFFICE  
86-510 WASHINGTON : 2014

---

For sale by the Superintendent of Documents, U.S. Government Printing Office  
Internet: [bookstore.gpo.gov](http://bookstore.gpo.gov) Phone: toll free (866) 512-1800; DC area (202) 512-1800  
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

HOUSE COMMITTEE ON SMALL BUSINESS

SAM GRAVES, Missouri, *Chairman*  
STEVE CHABOT, Ohio  
STEVE KING, Iowa  
MIKE COFFMAN, Colorado  
BLAINE LUETKEMEYER, Missouri  
MICK MULVANEY, South Carolina  
SCOTT TIPTON, Colorado  
JAIME HERRERA BEUTLER, Washington  
RICHARD HANNA, New York  
TIM HUELSKAMP, Kansas  
DAVID SCHWEIKERT, Arizona  
KERRY BENTIVOLIO, Michigan  
CHRIS COLLINS, New York  
TOM RICE, South Carolina  
NYDIA VELÁZQUEZ, New York, *Ranking Member*  
KURT SCHRADER, Oregon  
YVETTE CLARKE, New York  
JUDY CHU, California  
JANICE HAHN, California  
DONALD PAYNE, JR., New Jersey  
GRACE MENG, New York  
BRAD SCHNEIDER, Illinois  
RON BARBER, Arizona  
ANN McLANE KUSTER, New Hampshire  
PATRICK MURPHY, Florida

LORI SALLEY, *Staff Director*  
PAUL SASS, *Deputy Staff Director*  
BARRY PINELES, *Chief Counsel*  
MICHAEL DAY, *Minority Staff Director*

## C O N T E N T S

### OPENING STATEMENTS

	Page
Hon. Richard Hanna .....	1
Hon. Patrick Murphy .....	2

### WITNESS

Mr. James Sanford, Assistant United States Trade Representative for Small Business, Market Access and Industrial Competitiveness, Office of the United States Trade Representative, Washington, DC .....	4
--	---

### APPENDIX

#### Prepared Statements:

Mr. James Sanford, Assistant United States Trade Representative for Small Business, Market Access and Industrial Competitiveness, Office of the United States Trade Representative, Washington, DC .....	20
--	----

#### Questions and Answers for the Record:

Questions and Answers to Mr. Sanford from Representative Tipton .....	24
Questions and Answers to Mr. Sanford from Representative Mulvaney .....	26

#### Additional Material for the Record:

Statement for the Record of Terence P. Stewart, Managing Partner, Law Offices of Stewart and Stewart .....	29
--	----



## **SMALL BUSINESS TRADE AGENDA: STATUS AND IMPACT OF INTERNATIONAL AGREEMENTS**

---

**TUESDAY, JANUARY 28, 2014**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON SMALL BUSINESS,  
SUBCOMMITTEE ON AGRICULTURE, ENERGY AND TRADE  
*Washington, DC.*

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 2360, Rayburn House Office Building. Hon. Richard Hanna [chairman of the subcommittee] presiding.

Present: Representatives Hanna, Mulvaney, Luetkemeyer, Huelskamp, and Murphy.

Chairman HANNA. Good morning, everyone. Mr. Murphy is on his way, but in the interest of time I think we will just proceed, at least with my opening statement and then the ranking member will have an opportunity when he gets here to read his own.

Mr. Tipton is the normal chairman of this Committee. He has a family situation and is home in his district. I agreed to take his place, which I am pleased to do, but I know he wished he could be here. It is a subject that he is very familiar with and feels strongly about.

I want to thank the assistant trade representative for taking the time to participate in today's hearing. Mr. Sanford, thanks for being here.

This hearing comes at a point in time when we have a number of trade policy initiatives in the pipeline, including the possible renewal of the Trade Promotion Authority (TPA). In addition, later on today the president will deliver his State of the Union Address outlining his vision and priorities for the upcoming year. I know many businesses are interested to hear if the president will make trade a priority.

Last year, our Committee held a hearing with a diverse panel of small businesses on their international trade policy priorities and how to best increase exports and create new jobs here in the United States. All of our witnesses stress the importance of international trade agreements to help grow their exporting capacity and better compete in the global market. They pointed to various multilateral and bilateral agreements as opportunities to open new markets for their products and services. These agreements will help remove complex trade barriers, protect their intellectual property, and streamline the trade process. As you know, the administration has estimated the Trans-Pacific Partnership (TPP) will help

spur our exports, rapidly growing the Asian market, and create an estimate 3.5 million jobs right here in the United States.

Our Committee understands the importance of these trade agreements and the opportunities they could provide for small firms. In 2012, my home state of New York exported over \$81 billion in goods which helps to support thousands of good-paying jobs.

This brings me to a couple of key points. First, when conducting trade negotiations, the USTR needs to work in close coordination with Congress and small business to ensure that the stakeholders are prepared to take advantage of such agreements. If the administration seeks to renew trade promotion authority, they need to build and gain the trust of Congress and the private sector to ensure that their issues and concerns are being addressed. And second, I encourage the USTR to work more closely with federal and state trade agencies to communicate those opportunities to domestic exporters and to help address their current export barriers. Increasing agency coordination will help support small business firms increase their exports to those countries and therefore create new jobs and hopefully good paying jobs.

Today we will hear directly from the Office of the United States Trade Representative on the status of current negotiations and how they are working to help small firms export. And as I have said before, we need leadership from the administration to make these agreements a priority. We cannot sit on the sidelines while other countries negotiate trade agreements that put our businesses and our competitiveness at a disadvantage.

Again, I want to thank our witness today for his participation. I now yield to Ranking Member Murphy for his opening remarks.

Mr. MURPHY. I would like to thank the acting chair, Mr. Hanna, for your opening statement, and I want to wish you a Happy Birthday. We know you just celebrated that.

I appreciate the honorable assistant USTR for his presence here today. I am looking forward to hearing and making sense of what this administration's ambitious trade agenda means for small businesses.

With three-quarters of the world's purchasing power located outside the United States, access to foreign markets is no longer optional but essential for businesses of all sizes to grow and create jobs. Studies consistently demonstrate that when given a fair chance, small business can benefit significantly from trade. Indeed, 98 percent of U.S. firms that export have fewer than \$500 employees. These companies are responsible for fully one-third of American-made products that are sold abroad. When small and medium sized firms are able to take the leap and begin selling their products abroad, there are important tangible economic benefits here at home. Businesses that export their products abroad create twice as many jobs as those that do not. Workers at globally engaged firms make wages 15 percent higher than employees of companies that have not reached into foreign markets.

In Florida, international trade has long been an important component of our economy. The Port of Palm Beach, just next door to my district, Florida's 18th District, generates over \$261 million in economic activity for the greater region. This includes 2,500 direct and indirect jobs related to the port and shipping industries and

more than \$12 million in local and state taxes. Statewide, cargo activity associated with Florida seaports accounts for nearly 100,000 port-related jobs, supports more than 454,000 other jobs, while generating \$24 billion in personal income and \$66 billion in business activity.

While small businesses are increasingly looking to foreign markets as a growth opportunity, there remain a number of hurdles. The vast majority of small businesses that do export send their products to only one market, often, our Canadian neighbors. For small companies to fully reap the benefits of trade, it is important they diversify and tap into rapidly emerging economies in Latin America, Asia, and other parts of the world. Small firms that have not yet begun exporting spend months preparing before they start and make significant expenditures, often more than 8 percent of their operating budget laying the groundwork. Without the scale and resources of their larger competitors, entrepreneurs often turn to government technical assistance and other guidance when determining how to best capitalize on trade opportunities.

In that regard, it is important this Committee fully understand how government-managed programs are meeting small business owners' needs. Also, it is important to understand where government falls short or is counterproductive. Whether it is access to capital, research on foreign markets, or similar services, these initiatives must be efficient and effective in helping entrepreneurs compete abroad. With a range of export assistance initiatives scattered throughout different agencies, including the SBA, it is vital that we ensure they are functioning and complementary and not duplicative manner. Likewise, this Committee has an important role to play in examining how various free trade agreements impact small firms' export efforts. Too often, trade agreements have made small businesses' needs an afterthought rather than a central pillar of discussion. While small firms stand to benefit from trade agreements that open new markets, an influx of new imports can serve to undermine local manufacturers and producers. Likewise, foreign markets often present a maze of new regulations that are difficult to navigate for smaller companies. It is critical that future trade agreements take into account these difficulties.

In a global economy, companies can no longer afford to think only locally. With job creation remaining the top priority for American people, trade and exporting of U.S. goods remains a promising avenue for spurring growth and creating good-paying jobs right here at home.

To achieve that goal, export assistance programs need to function smoothly, and any future trade agreements are cognizant of the unique challenges small firms face as they work to sell their products abroad. It is my hope that today's hearing can shed important light on these topics.

Thank you again for being here, and I yield the balance of my time.

Chairman HANNA. Thank you.

I want to take a moment and welcome some young people and their professors from Colgate University, one of our country's premier universities in my district. Thank you guys for being here.

Our first and only witness today is Jim Sanford, Assistant U.S. Trade Representative for Small Business, Market Access, and Industrial Competitiveness. In his role, he manages U.S. trade policy activities relating to small exporters. Mr. Sanford has 17 years of experience working for the U.S. government on trade policy.

Thank you, sir, for being here. We look forward to your testimony. You may begin.

**STATEMENT OF JIM SANFORD, ASSISTANT U.S. TRADE REPRESENTATIVE FOR SMALL BUSINESS, MARKET ACCESS, AND INDUSTRIAL COMPETITIVENESS, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

Mr. SANFORD. Thank you. Representative Hanna, Ranking Member Murphy and members of the Subcommittee, thank you for convening this hearing and for the opportunity to testify on the work of the Office of U.S. Trade Representative to expand exports for U.S. small businesses.

Under President Obama's leadership, USTR is working closely with our interagency partners to help American businesses of all sizes seize export opportunities and acquire the resources necessary to succeed in the global marketplace. USTR is pursuing a robust trade agenda that supports small businesses and broader economic growth by tearing down barriers and creating overseas opportunities for U.S. farmers, ranchers, manufacturers, and services providers of all sizes. We are working to level the playing field so that our workers and businesses can compete and prosper in the global economy, and we are also vigorously enforcing our trade rights and insisting that countries fulfill their commitments.

First, the United States currently has in place free trade agreements with 20 countries. These trade deals have broken down barriers and pried open markets for U.S. products from agriculture to manufacturing to services.

Secondly, USTR is pursuing new trade agreements that, when combined with existing FTAs, will represent two-thirds of global trade. In the Asia-Pacific region, USTR is negotiating the Trans-Pacific Partnership (TPP) with 11 other countries—Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. The TPP will cut tariffs and break down non-tariff barriers, resulting in significant economic benefits for the United States. In fact, the Peterson Institute projects that the TPP will generate an additional \$123 billion in U.S. exports. The TPP will provide new market access, streamline customs procedures, increase regulatory transparency, and strengthen intellectual property rights protections. These outcomes will be of particular benefit to small businesses.

USTR is also negotiating the Transatlantic Trade and Investment Partnership (T-TIP). This is an agreement with the European Union. T-TIP will be a high standard, comprehensive trade agreement aimed at strengthening a partnership that already supports \$1 trillion in two-way annual trade, \$4 trillion in investment, and 13 million jobs on both sides of the Atlantic.

In the WTO, we are working to expand U.S. export opportunities around the globe. The recently concluded WTO Trade Facilitation Agreement, once implemented, will reduce red tape and bureau-

cratic delay for goods shipped around the world. Again, U.S. small businesses will be among the biggest beneficiaries of this deal. USTR is also leading efforts in Geneva to advance negotiations to substantially liberalize trade in information technology products, services, and environmental goods. These plurilateral agreements, once implemented and completed, will help level the playing field and significantly expand opportunities for American technology and services firms of all sizes.

Of course, to actively and effectively pursue these initiatives, the Administration will need trade promotion authority. We welcome the introduction of the bipartisan Congressional Trade Priorities Act of 2014 as an important step towards Congress updating its important role in trade negotiations. We look forward to working with Democrats and Republicans in Congress throughout the legislative process to pass TPA legislation with as broad bipartisan support as possible.

Third, USTR is pursuing important initiatives in regional fora to address challenges that face small business exporters. In the Asia-Pacific Economic Cooperation or APEC forum, for example, the United States and other members are advancing initiatives to assist U.S. companies to participate in global supply chains, address localization barriers, and promote greater regulatory coherence. In the Western Hemisphere, USTR is collaborating with other agencies, including Departments of Commerce and, State, and the Small Business Administration to connect more small businesses to regional partners and to foster entrepreneurship.

Fourth, USTR is also vigorously enforcing our trade agreements. The Interagency Trade Enforcement Center (ITEC) significantly enhances the Administration's capabilities to aggressively challenge unfair trade practices around the world.

And finally, we are working to communicate more effectively how our trade policy initiatives can benefit U.S. small businesses. Ambassador Froman and the entire USTR team continue outreach to small businesses around the country to highlight export opportunities that we have created and to learn more about the new trade challenges and how we may help. USTR is committed to partnership with other federal agencies to help small businesses compete and succeed in the global economy.

Thank you for this opportunity to testify about USTR's efforts.

Chairman HANNA. Both Mr. Mulvaney and Mr. Luetkemeyer and Mr. Huelskamp, I know that at least two of them have engagements, and I am grateful that they are here. So in the interest of time I am going to ask Mr. Mulvaney to ask whatever question he may have first.

Mr. MULVANEY. Thank you, Mr. Chairman. I appreciate that accommodation.

Thank you, Mr. Sanford. Let us skip over TPA and talk about the Trans-Pacific Partnership for a little bit. And I am satisfied that generally speaking it is going to benefit small businesses, not only in my district but across the nation. I generally favor most of the concepts that are contained in the Trans-Pacific Partnership, but I want to talk specifically about Vietnam. Because when you go down the list of countries that are in this discussion, I do not know much about Brunei, I fully admit that, but I know a little bit

about Vietnam, and it seems like this is probably the most closed economy in the T-TIP, and perhaps that we have discussed having a large trade agreement with in a long time.

Tell me how you intend to deal with, number one, currency manipulation in Vietnam in relationship to the Trans-Pacific Partnership, and number two, with the large number of state-owned enterprises in this communist nation.

Mr. SANFORD. Thank you, Congressman.

This TPP is obviously a major priority for Ambassador Froman and USTR right now. We are working very hard to conclude that negotiation. Currency is an important issue. We appreciate the interest the Congress and many stakeholders have in this particular issue. This is an issue that we continue to consult with Congress about how we possibly address this within the context of TPP.

Mr. MULVANEY. Give me some ideas. One of the questions I get back home from the folks who are going to now be competing for business in Vietnam, which they like, and they will be competing with firms from Vietnam, which they believe will make them better, but they keep asking me, Mr. Mulvaney, how are you all going to deal with the fact that these currencies do not freely trade? How do you all propose to address that?

Mr. SANFORD. Let me say, this is an issue that the Treasury is the lead on, so I defer to Treasury. They are part of this discussion that we are having about how we may try to address this. But unlike USTR where we are developing the trade policy, when it comes to currency manipulation and currencies issues—

Mr. MULVANEY. Is there any language in the drafts that you have seen that specifically address this currency manipulation in the Trans-Pacific Partnership?

Mr. SANFORD. Not with which I am familiar, but that is not something I am working on to be candid with you.

Mr. MULVANEY. Okay. Secondly, the number of state-owned enterprises, again, many of my businesses are happy to compete with other folk who are trying to make a profit. It sort of changes the analysis when you are starting to compete with a company that is owned by the government and is not driven by that same profit motive. What protections, if any, are you all providing for in the Trans-Pacific Partnership to deal with state-owned enterprises generally, or specifically, in Vietnam?

Mr. SANFORD. Well, Congressman, as you probably know, there is an ongoing discussion or negotiation on provisions that would apply to state-owned enterprises, disciplines that would in effect constrain the activities of these state-owned enterprises. That is ongoing negotiation. But this is clearly a priority for us in the context of TPP with countries like Vietnam, and frankly it will be a priority for us even in negotiations with T-TIP because our interest is in ensuring that through negotiations we do in the future vis-à-vis third countries have these disciplines that we are building up.

Mr. MULVANEY. Would you agree with me generally, Mr. Sanford, that competing with another profit-based business is different than competing with a state-owned enterprise?

Mr. SANFORD. I would agree, and that is why we are putting a premium on developing some strong provisions in TPP that could help discipline the activities—

Mr. MULVANEY. I am going to ask you a brief question about a local issue which is textiles in Vietnam. I do not know if you are familiar with it. If you are not, please just tell me. But we are dealing with a situation here where Vietnam wants to institute a new rule called the Single Transformation rule, which essentially says that they can bring something in from China, possibly heavily subsidized, make a very small change to it, and then export it into the United States under the terms of the Trans-Pacific Partnership. Are you concerned about that backdoor to cheap Chinese imports, subsidized imports? And if so, what are you doing about it?

Mr. SANFORD. Obviously, textiles is a particularly sensitive negotiation that we are having with Vietnam in terms of the market access. I am not intimately involved with the textiles negotiations. I have a colleague who is the chief textile negotiator.

Mr. MULVANEY. Then let me cut you off, Mr. Sanford, and I appreciate that. If you do not know, you do not know. I accept that answer.

Let me deal with something maybe you do know more about, which is one of the largest complaints I get from small businesses back home when they deal with exporting is something you mentioned in your written testimony, which is the difficulty of dealing with non-tariff barriers. Their stuff gets stuck at the border, and you speak a couple different places in your testimony about what you are doing to help sort of level the playing field, increase transparency. Can you take the last minute of your time, please, and tell us a little bit more about what you are doing to help small businesses in that realm?

Mr. SANFORD. Yeah, I think this is something we are trying to tackle in a number of different forums, whether it is TPP. In APEC we have done some work in terms of trying to come up with uniform documentation, for instance. The WTO Trade Facilitation Agreement, which was just done to provide more transparency in terms of documentation requirements, sets certain timeframes in which materials need to be—your exports need to be released. So I think what I would say is this is a topic that we recognize as particularly disadvantageous for small businesses, and whatever policy vehicles we may be able to address this in, whether it is a formal negotiation like the WTO Trade Facilitation Agreement or TPP, we are pursuing it there, but also in contexts like APEC.

Mr. MULVANEY. At the risk of overstaying my time, I would simply encourage you on behalf of many members who have spoken to me, make sure that those efforts are real and they have teeth. I recognize the fact we pay lip service to it, and I think that is a good first step. But if we are not actively enforcing the rules on non-tariff barriers, our small businesses will continue to struggle. One of the reasons they do not export to many countries or many businesses within a specific country is it is just too hard to do.

Mr. SANFORD. Yes. I was focusing more on the customs angle, but I think the bigger issue is the non-tariff barriers and that is something, especially when you look at something like the regulatory requirements that countries may have, we recognize this as a fundamental challenge for small businesses where they may lack the in-house resources to fully understand what is required in terms of complying with the foreign regulations, let alone getting

the product tested. If they do not have guaranteed future exports, there is some cost up front that can deter them from making those kinds of sales. So I just want to emphasize that this is a particular priority for us. We understand that these are challenges for all firms, but things like the customs challenges or a lot of these non-tariff barriers, we recognize these are particularly disproportionately impacting small businesses, and whatever we can do is most helpful for them.

Mr. MULVANEY. Thank you, Mr. Sanford.

Mr. Chairman, thank you again. I apologize for going over time.

Chairman HANNA. No, you are fine.

Mr. Luetkemeyer.

Mr. LUETKEMEYER. Thank you, Mr. Chairman, for your indulgence.

Mr. Sanford, following up on Mr. Mulvaney's questions, to me one of the concerns I have is the enforcement. I mean, we can do great things with the—and I will get into some questions in a minute with regards to some of the treaties that we negotiate—but at the end of the day, if we do not enforce the provisions of that to protect our people, our companies, especially small businesses who do not have the resources to go out there and take some of the things that are hurting our small businesses, like dumping, for instance, or the currency manipulation, what are you doing specifically to enforce some of the contracts, some of the treaties that are out here to be able to allow the contracts that go on between the small businesses and their suppliers or their purchasers to make sure that there is an even playing field, they do not become taken advantage of, and that the treaty is worthwhile?

Mr. SANFORD. Congressman, I fully agree. This has certainly been a priority for us to focus more resources on enforcement activities. And I think in the last four years or so there has certainly been an uptick in terms of enforcement activities at USTR.

One thing I would particularly point to, because again, we recognize many small businesses lack the resources to put together the information that is required to bring a case, for instance, is the ITEC or the Interagency Trade Enforcement Center that was established a couple of years ago, it is housed at USTR. It is largely staffed by interagency detailees, and we are continuing to expand its resources. The staffing and resources that they have are particularly helpful in putting together cases. And I think this is a resource that can be tapped more for small businesses that are not able to sort of formulate the cases themselves.

Mr. LUETKEMEYER. Okay. How many cases have you brought?

Mr. SANFORD. Off the top of my head I cannot—

Mr. LUETKEMEYER. One? Ten?

Mr. SANFORD. No. USTR brings a number of cases. I do not know what the count may be.

Mr. LUETKEMEYER. We are getting a lot of generalities here this morning, Mr. Sanford. I would like some specifics. I really am concerned about this enforcement part because I think—I have got a company that I am very familiar with and we have a dumping problem and we cannot get it solved. And so there has to be an enforcement mechanism here to be able to allow fair trade that has

been negotiated through this treaty, and yet it is not happening. And so what are we doing?

Mr. SANFORD. Let me make an distinction.

Mr. LUETKEMEYER. Give me an example of a case that you have taken to whatever court or whatever mitigation group there is?

Mr. SANFORD. I am happy to follow up with you, Congressman, with more details. One thing I would make a distinction is I think you are talking about dumping cases and I have been talking about disputes under say WTO provisions that—

Mr. LUETKEMEYER. Well, we will take intellectual property then. That is another area that is a grave, grave concern. I mean, the Chinese are going all over the place with this and there are a lot of other countries that are getting involved in it as well. I mean, we get information in this Committee about the number of attacks on the computer systems of the various companies, and now the large companies, their credit card divisions are being broken into.

So IPR is an extremely important thing. What are we doing to protect—to pushback on some of the countries that are doing these things?

Mr. SANFORD. Well, we have the special 301 provision that is a trade tool that is available to us.

Mr. LUETKEMEYER. Are you executing it? Are you following up on it?

Mr. SANFORD. Yes. Right now there is a process going forward looking at Ukraine. And there are very strong concerns about their lack of intellectual property protections.

Mr. LUETKEMEYER. Are you pursuing a case against them or are we—

Mr. SANFORD. Well, yeah, I mean, there is a possibility of taking some trade actions. I do not want to get into the details because decisions have not been made, but yes.

Mr. LUETKEMEYER. Are we taking action against anybody? Do you have any actions pending?

Mr. SANFORD. Congressman, I am not the expert on IPR. I am more than happy to take questions you may have and follow up.

Mr. LUETKEMEYER. Can you point to any enforcement action, sir, under anything that you are aware of? Are we taking any enforcement action?

Mr. SANFORD. Congressman, we have a number of disputes in the WTO. They are ongoing right now, in IP and outside of IP.

Mr. LUETKEMEYER. Okay. One more quick question.

One of the things that if the president does not have trade promotion authority, sometimes I am wondering are we playing on the same field when we negotiate contracts, negotiate treaties with other countries because if he does not have authority and the other country knows he does not, are they taking advantage of that from a standpoint that they have got our country over a barrel from a negotiating standpoint?

Mr. SANFORD. Well, we certainly can continue to negotiate. We will need the TPA to do the deal at the end of the day. I think that having TPA does strengthen our hand as trade negotiators so that there is less risk that our trade partners are withholding the final

movements they can make subject to us being able to demonstrate we can complete a deal.

Mr. LUETKEMEYER. One more quick question. Well, my time is already expired here. I appreciate the indulgence of the chairman.

You have a number of priorities with regards to things that you try and push with regards to small business. Where does ag figure in that list of priorities?

Mr. SANFORD. That is part of what we are trying to do.

Mr. LUETKEMEYER. Is it number one? Number five? Number 10? Where on the list would ag fall within your list of priorities?

Mr. SANFORD. I am not making a differentiation on that. One of the things we are trying to do is that we are ensuring that small business interests, whether it is in manufacturing, services, or agriculture is being reflected in our trade policy activities. And as has been pointed out by the acting chair or ranking member, you know, 98 percent of our exporters right now are small businesses. So much of what we are focused on is of great benefit to small businesses. We are looking at how we can ensure that we are doing even a better job at that.

Mr. LUETKEMEYER. Thank you, Mr. Chair.

Chairman HANNA. Mr. Murphy.

Mr. MURPHY. Thank you. Again, thank you for your time.

I just want to talk just for a minute about some of the barriers to entry for these small businesses, because after the recent trade deals it seems pretty obvious that the big corporations have the infrastructure, that they can easily take advantage of some of the free trade agreements. But sadly, it seems that it is our government that has actually become a burden for a lot of the small businesses. And I do not want to argue against the valid role that our government should play in supporting and guiding and even cheerleading for American companies. But what happens when this sort of patchwork of export programs and agencies becomes too burdensome for the small businesses and what are your suggestions and ideas for how we could perhaps streamline that going forward?

Mr. SANFORD. Well, I think, obviously, we do not have an export promotion program at USTR. I think our interest is in ensuring that we are linking the trade policy work we are doing with the other federal agencies that have export financing or trade promotion programs, and then doing a better job linking, as you noted, at the state level or local level to various programs they may have.

Mr. MURPHY. So does that happen before the trade agreement is finalized? Does it happen during negotiations? After an agreement has been approved? Are you looking back on some of our previous deals saying, "Oh, here is how we can improve," and perhaps what are some of those things you have learned?

Mr. SANFORD. Yeah. I mean, it is an ongoing process with consultations with various advisory committees that we have, both from industry as well as state and local representatives.

Mr. MURPHY. Do you have a monthly meeting where you get all the agencies together or every six months?

Mr. SANFORD. Well, we have an active interagency trade policy staff committee that is our full interagency. There is also an inter-

agency that is led by Commerce—the Trade Promotion Coordinating Committee, which is more on the promotion side rather than the policy side for part of that as well. And they interface with the states and some of their organizations.

So I think there are two steps. One is during our formulation of our negotiating priorities and our negotiation, we need that active engagement and input from the various stakeholders we have. And then further down the road in terms of the outreach to make stakeholders aware of the opportunities that these agreements provide, that is another area where we really need to be able to tap into the state and local.

Mr. MURPHY. Most committees talk about burdensome regulations and I agree with that in most cases, but one of the things that I really noticed in my one year here is that a lot of the agencies are not even communicating; that they do not talk. So I think we would all be open, Republican or Democrat, to hearing any suggestions you have if we could facilitate those meetings, or any ideas you have to improve communications. I think that would really help a lot of the small businesses.

Mr. SANFORD. Yeah. Let me point back to the Trade Promotion Coordinating Committee, which has been an interagency process that was established some years ago and then has had a greater role in recent years after the National Export Initiative was launched four or five years ago. And I want to stress that is an active interagency process where you have OPEC and Ex-Im Bank and SBA, so you have got various finance elements. You have also got the Department of Commerce and its export promotion activities, both domestically and overseas. And there has been a lot of effort to better coordinate those activities. And then I would say from a USTR standpoint, figure out how we can, you know, if these FTAs are providing the new opportunities, we would like to see the finance agencies and the promotion agencies essentially promoting those new opportunities as part of this process.

Mr. MURPHY. I want to talk just briefly about that Colombia Free Trade Agreement. We were told that this was going to improve labor practices, labor rights in Colombia, but from what I can tell that has not happened to the extent that we were told. What is different about this deal? What are we going to do to improve it so we can actually enforce it? Is it an enforcement issue? Is it because the labor provisions were written too weakly or there are exploitable loopholes? Was it sequestration that underfunded some of the agencies that could not actually go after them? What can we learn and what can we improve in TPP so labor practices are improved everywhere; that it is not a race to the bottom?

Mr. SANFORD. Well, certainly the labor provisions in any of our FTAs is a priority for us. I mean, Colombia is a relatively very recent FTA and folks are still working on the implementation of these, ensuring the provisions are being applied. I am not familiar with what the issues may be there, if things are being investigated or not. But happy to follow up if you have specific questions on that.

Mr. MURPHY. Switching over to Ag. It is a very important part of my district, and really, our country. And while I will continue to review TPA, I am interested in whether some of the agricultural

provisions have been improved since 2002, and what are the key differences that would mean for some of the Florida farmers? We have a lot of specialty crops, especially citrus.

Mr. SANFORD. Are you speaking in terms of our active negotiations?

Mr. MURPHY. What has improved since the 2002 Trade Promotion Authority?

Mr. SANFORD. Well, I mean, obviously this is a particular export priority for us, this whole area of agriculture. We are working hard to eliminate duties on all agricultural items in our trade deals. That is certainly what we are doing at TPP and we will be working to do in T-TIP, for instance. What I would stress is that there is even more attention being paid to sort of the non-tariff barriers, the SPS barriers that present some bigger challenges. As you know, even when we can eliminate the duties, it does not necessarily mean our products have access to that market.

So that is where I think we are trying to come up with ways that, for instance, if you look at T-TIP, which is earlier on in terms of the negotiation, one of our big challenges there was needing to find science-based decision-making; that as you probably know, we have major products that have been banned from that market. So this is not simply an issue of eliminating the duties but figuring out ways to discipline the SPS provisions, ensuring there is transparency in the development of these, that we have input into them, that they are science-based. That is a major focus of us right now.

Mr. MURPHY. A lot of my farmers are worried about some of their seasonal crops and the perishability of goods like tomatoes, and other specialty crops. Has perishability been brought up and how has this improved for American farmers?

Mr. SANFORD. Not specifically because I do not work on the agricultural items, but I think this is something, perhaps the WTO Trade Facilitation Agreement can help as well speeding up customs clearance and things like this.

Mr. MURPHY. How can TPP open up some Asian markets for citrus specifically?

Mr. SANFORD. Well, the WTOTF was just done, so that is not even implemented at this point. But no, I do not. Sorry.

Mr. MURPHY. We constantly talk about infrastructure, and I think we all agree we need to improve it. And one of the obstacles for our exports is our aging infrastructure. We talk continually about how we need to better use our harbor maintenance trust fund to maintain our ports and our highway trust fund will soon be unable to meet the demand for road maintenance. Can you talk briefly about the impact of infrastructure and the importance of maintaining it and improving it as far as that relates specifically to trade?

Mr. SANFORD. Yeah, I think having a strong infrastructure is fundamental to being competitive when it comes to exports. So I think this is something that is important for us if we are looking to be expanding our exports, that our ports have the facilities to export; that we have the transportation systems in place to be able to transport product from field or factory to port; that we have the infrastructure that allows products to clear customs quickly so things do not get stuck on the dock. I think that this is a consider-

ation when foreign firms are looking to build plants here in terms of judgment of how competitive the place is. Do you have the adequate infrastructure to support the export of products in the United States? So I think this is tied up in our ability to fully take advantage of the new trade opportunities that our trade agreements yield.

Mr. MURPHY. All right. Thank you.

Chairman HANNA. Mr. Huelskamp.

Mr. HUELSKAMP. Thank you, Mr. Chairman. I appreciate the opportunity to visit. I am from Western Kansas where agriculture is a main export industry, and I want to follow up on a few questions from my colleagues about your list of priorities as the office of USTR. How do you put together a list of priorities? I mean, these are multi-faceted agreements that deal with a wide range of exports and sometimes certain industries feel like they may or may not be at the top of the list of your priorities. So can you describe that prioritization process and then where agriculture might fit in that list?

Mr. SANFORD. Sure. I mean, I think if you step back, when we are formulating an approach we are going to take in a trade agreement, we have an extensive consultation with the public. You know, put out a Federal Register. Get a sense of what the challenge is, what issues our stakeholders feel we should address. We have congressional mandated advisory committee systems that we consult with or advisors in terms of priorities. There is an inter-agency process, of course, and very importantly consulting with Congress in terms of priorities and views and things that you would like to see addressed in this. And then obviously, I have got my political leadership who have guidance they want to provide in this process as well. So it is an active and ongoing consultation process with a variety of different stakeholders of which Congress is a very important part.

Mr. HUELSKAMP. But when we look back over actual historical statements from your political leadership and those in the party, there is a real concern that perhaps agriculture is not a main or a top priority. You know, if you are going to pick and choose, let us deal with barriers to other districts that might have more political access. I am just trying to have you describe exactly where is the biggest potential for export growth? And where do you expect that this would have the biggest bang for the buck in terms of the agreements you are proposing that we move forward on?

Mr. SANFORD. Well, I think we are not looking at singling out specific areas.

Mr. HUELSKAMP. When you negotiate these agreements, that is exactly what you do. These are not free trade agreements in which there are no barriers.

Mr. SANFORD. Right.

Mr. HUELSKAMP. There are thousands of pages of restrictions and lowering of restrictions. There are winners and losers in each of these agreements. My question is how do you decide and where does our culture fit in that? Because if you look at the export growth, we can talk about a lot of industries but it is an absolute fact that the export growth that is happening, our surplus is because of agriculture. That is the number one arena, and I see it as

the number one potential. So what you see as the potential, obviously maybe that is a political calculation. I am just curious. How do you prioritize? And you are asking us, Congress, you want this input. I am asking what is your thought process and where does agriculture fit in that prioritization process.

Mr. SANFORD. You are absolutely right. I mean, we are a powerhouse. The United States is a powerhouse when it comes to exports of agricultural products. We have a comparative advantage and we negotiate these comprehensive agreements.

So I think to touch on something I was touching on earlier, you know, we are getting to the point where we have eliminated or continue to eliminate many of these duties and the problems we are facing are really on the regulatory side in many cases. It is the SPS barriers that we are trying to tackle. So the big challenge we have there is how do we come up with new provisions that can constrain the mischief that some of our trading partners may come up with that are keeping our products out of the market.

Mr. HUELSKAMP. I agree. Let me give some specific examples. We had issues with Japan for a number of years.

Mr. SANFORD. Sure.

Mr. HUELSKAMP. And finally we reached an agreement I think successfully, but I am worried about South Korea restricting imports of our beef, current restrictions on meat going into Russia. Can you describe a little bit more of what is going on in those arenas? And certainly there are non-tariff barriers and they are not based on scientific standards, world standards, but they continue to fester out there and restrict the ability of American farmers and ranchers to get into places that want to buy our stuff. So what are we doing about these two particular countries and how does that play into these agreements in the future?

Mr. SANFORD. Yeah. I am not intimately familiar. I do not work on agriculture, but obviously now we have Russia in the WTO and they are subject to those new disciplines. It is early on in that process. I know we had some challenges in getting some, I think, beef and some other poultry with Russia in recent years. I believe some of that may have gotten cleaned up as far as their accession process, but in fact, if there are unjustified measures they are taking then it is maybe something we need to take a look at in terms of the WTO commitments that they have made. Likewise, we now have in place an FTA with Korea, and if, in fact, experts need to take a look at these actions or these measures they have taken, but are they consistent with the WTO? Are they consistent with the FTA commitments? That is something, you know, we have a tool, and it may be something we need to look at.

Mr. HUELSKAMP. I agree. We do have a tool—frustration from folks that actually raise our ag exports as how long it takes. We are expected to open our markets up to their stuff and then we spend years trying to sell what is the safest product in the world, and everybody knows the games that are being played there. And my concern is as we move forward because again, that is where the potential is.

And what I have not heard from you though is the answer to that first question. So what is the number one priority? When you look at these, and again, you are going in a room, you are negoti-

ating hundreds and hundreds of different industries, and if you give for one industry, you take from another perhaps. I mean, that is the agreement. So I am just trying to figure what the thought process is as we move forward and say, hey, I want this authority, and I understand that. I am a supporter of that. But I do not understand how you prioritize and decide, for instance in my case agriculture, but in other cases how you prioritize those negotiations.

Mr. SANFORD. Well, I guess we have objectives we are trying to achieve. They are quite broad. As part of a negotiation, obviously there are challenges and choices and compromises one must make as you are going forward. But up front we formulate what our negotiating objectives are and, in fact, that is something we do communicate with the Hill. So there is not some sense of a master list that says ag is here and IPR is here. I think to your point, I am trying to be responsive, is that during the negotiation, obviously it is going to depend on the context, and there may be some compromises that one needs to make.

Mr. HUELSKAMP. I think, Mr. Chairman, if we might have time at the end I would like to ask a couple more follow-up questions.

I would like to see that list of objectives, and I have not heard those here. I think Mr. Luetkemeyer asked a number of questions trying to get a sense of what the goals were, where the greatest potential was. The president announces he is going to double exports, but of course, every president says that. They all say that. This is what you are all going to agree on that, but again, there is a lot of hard work there. I have not seen the objectives. I mean, do you have a list of those? Have those been formulated by the administration? And where are those at?

Mr. SANFORD. Well, I guess what I am thinking of is when we, for instance, that we launched negotiations to T-TIP, we sent a letter to the Hill which laid out what our negotiating objectives were comprehensively, and so that is what I am thinking of. And that came through.

Mr. HUELSKAMP. How did agriculture fit in that? Was agriculture mentioned at all in the objectives?

Mr. SANFORD. Of course it was. I do not have the language in front of me, but our objectives would be to eliminate duties on agricultural products and address all of these SPS problems we may be facing.

Mr. HUELSKAMP. These have been facing for decades with the EU.

Mr. SANFORD. Sure.

Mr. HUELSKAMP. And they continue to grow every day and they are nonscientific. I mean, we had this battle with Japan and beef, and we are still, I think, and we have another issue coming with Brazil.

Mr. SANFORD. Right.

Mr. HUELSKAMP. When the department announced on December 23rd we are going to start importing beef from areas of Brazil that have foot-and-mouth disease, very little discussion on that. And so folks in agriculture are wondering where they fit in the prioritization scheme because, again, there are winners and losers, and I am a big supporter of open and free trade. But again, there

are losers. I mean, you heard from some of my colleagues, and they want assurances of how you determine who the winners and losers are on these agreements.

Mr. SANFORD. Right. I totally agree. We have, you mentioned, the challenges in Europe. This has been going on for some time. I am well aware of that. That is why I think T-TIP provides this new opportunity. If we are able to come up with some new provisions, new disciplines that we can extract and impose on the Europeans, then it helps provide more access for U.S. agricultural products and do away with some of the barriers you are facing right now. It would be more leverage than we have right now.

Mr. HUELSKAMP. Okay. Thank you, Mr. Chairman. I yield back.

Chairman HANNA. Do you get the message?

Mr. SANFORD. Got the message. Yes. I appreciate that.

Chairman HANNA. There are deep concerns in agriculture. A number of the questions, which I will not repeat, are associated with that.

In my own district, we hear daily about the TPP. It would be easy to be dismissive and say it is misinformation or wrongheaded, but in the absence of real information about it, we do not really do that. The Trans-Pacific Partnership Agreement estimates 3.5 million new jobs. However, as I just said, so many of my constituents believe just the opposite. They look at other agreements and they have their opinions about them. Part of the job of the administration is going to be to sell this. Right? I mean, that is kind of why it is done the way it is done because if you open it up to the light of day on a regular basis you would probably get nowhere but take a long time to do it.

So if you agree with that, how do you unwind all that? What is your plan to sell this plan, not just to Congress, but to small business unions and the American public? That is an enormous part of this problem.

Mr. SANFORD. Right. No, I think there is an enormous education process that is necessary in terms of outreach, and I think that is something that we will need to leverage all resources to communicate that. As you know, it is an active negotiation. You cannot negotiate this in public, so there are always things that people do not know. But there are enormous benefits to this agreement, and we need to continue consulting with Congress as I think Ambassador Froman has been stepping up and doing more of that, but to work with the stakeholders more broadly. It has been a while since we had a big trade agreement completed, and these agreements tend to go on for a while. I think part of this is people are not quite sure when this is going to end and when they are going to see some concrete benefits from this. But one of the things we need to do is working with the Hill more, work with our inter-agency process, work with the stakeholders, and get the proponents or the beneficiaries of these agreements to be more vocal and to sort of get their views out there as well, so it is not simply those that may be critical of the agreement.

Chairman HANNA. You have seen some of the information out there that we get that we cannot find a basis in reality but peo-

ple—and I would suggest to you that this is building momentum. You probably sense that yourself. Is that right?

Mr. SANFORD. Yeah. I think it varies from negotiation to negotiation. I think there has been much more focus on TPP because that has been outstanding for some time, but we have seen this in the past in WTO in Seattle if you go back that far. So, yes.

Chairman HANNA. You made mention earlier about labor conditions in Colombia. This might be somewhat of a practical and a little bit of a philosophical question, too. How realistic is it for us to expect countries to honor our view of what that means? And how realistic is it for us to actually set out to enforce our notion of what right and wrong is in these countries? Is it a practical expectation? I mean, whether you approve of it or not, is it a reasonable thing to attempt to do in these kinds of negotiations or you just set out guidelines and hope for the best?

Mr. SANFORD. Well, I think it is back to what our negotiating objectives are. And so we are going to continue pursuing environmental and labor provisions in the agreements that we negotiate. Where we end up on that is a matter of negotiation with our trade partners, but that is our objective going in and we have certain expectations on being able to deliver on that.

Chairman HANNA. How much do they conflict with one another? I mean, let us be honest. We know that 95 percent of the world's population, et cetera, you know, China's middle class is growing. At some point they are going to demand a lot more of what we do. Of course, they are the world's largest polluter. They have a reputation, as Mr. Mulvaney indicated, this kind of backdoor deals and defiance of intellectual property rules. How do you balance those social issues in the environment which is also important? How do you go about doing that in a world where I guess our main goal is to sell goods and services? How do you manage that leverage?

Mr. SANFORD. Well, you mentioned China, for instance. China may have an interest in joining TPP at some point, so if they were to join TPP, they would be buying into provisions that have been negotiated beforehand. That would provide a fair amount of leverage in getting what we want from them. It would help level the playing field.

Chairman HANNA. So you do think you have some opportunities to make some differences on issues that might be more nuanced or at least you have less direct labor or less direct leverage because it is not necessarily dollars and sense we are talking about but only indirectly that?

Mr. SANFORD. Yes, I think so, and I think the kinds of agreements we are conducting or negotiating, it is not static. We talked about SOEs earlier. Well, that is not something we talked about developing disciplines in the past on. So there is continuing to be more effort on some of these newer issues, I guess. In environment we are doing more. And I think the other thing is that simply rather than just these bilateral deals, when people are looking at potentially joining larger deals, like joining TPP or something, then there potentially is more leverage to have them sign on to provisions they would not have been willing to do bilaterally with us.

Chairman HANNA. Sure.

One last question. In your experience, and this Committee is all about small business and the opportunities that you are going to present with these agreements and that lie therein, what are the three barriers for small business exporters that you see that you can work out and address through the USTR?

Mr. SANFORD. Well, I think it is sort of probably themes. One of the biggest sets of issues that we hear from stakeholders is sort of non-tariff issues, many of which are regulatory. Not understanding what the foreign regulations are, not understanding necessarily how they can demonstrate their products comply with those regulations, not having the in-house resources to figure these issues out, and therefore, perhaps passing up sales that they would otherwise have. Just not willing to pursue that. That in general is a very large topic and that is something that we are trying to address in our trade negotiations.

Another big issue is simply the SMEs. Small businesses often simply do not know how to take advantage of the opportunities that our agreements provide.

Chairman HANNA. Do you have a plan for that?

Mr. SANFORD. Well, this gets back a bit to the discussions we were having about the TPCC and the interagency process. I mean, I think there is more scope for directing a lot of the finance programs and the export promotion programs, direct SMEs to take advantage of these countries in which we have FTAs with, for instance. The FTAs provide opportunities that are particularly beneficial to small businesses, and I think many small businesses are not making differentiation between countries in which we have FTAs and we do not. And there may be very big differences in terms of their ability to sell in those markets. And again, I think that is how having a better interface between the policy outcomes and the promotion works; they are working in concert.

Chairman HANNA. When do you think we will see this agreement?

Mr. SANFORD. The TPP?

Chairman HANNA. Yes.

Mr. SANFORD. Well, we are certainly trying to get it done in the very near term this year, but I guess what I would stress is that substance is going to drive the timetable rather than otherwise. And so it is more important that we get the agreement right, get the provisions we are pressing for, but we are very hopeful to get this done early this year.

Chairman HANNA. Thank you. It is interesting how at a meeting like this you can carry on for four or five minutes and you use nothing but acronyms.

Thank you, sir, for being here.

As we start to consider various trade legislation and agreements, it is important that the administration keeps our Committee updated on the status and impact of small businesses. Will the USTR and the administration commit to periodically updating our Committee and how businesses are advancing in trade negotiations? I am assuming that is a yes answer?

Mr. SANFORD. Happy to do that. Yes.

Chairman HANNA. We appreciate that.

Again, I look forward to working with you and my colleagues in Washington of identifying new solutions to assist small exporters. As we have said before, more exports should equal more and better jobs for this country. That is all our goals.

I ask unanimous consent that members have five legislative days to submit statements and supporting materials for the record. Hearing no objection, so ordered.

This hearing is now adjourned. And thank you very much, sir.

Mr. SANFORD. Thank you.

[Whereupon, at 11:01 a.m., the Subcommittee was adjourned.]

**A P P E N D I X**

**Testimony of James Sanford  
Assistant U.S. Trade Representative  
for Small Business, Market Access and Industrial  
Competitiveness**

**Before the Small Business Subcommittee on Agriculture,  
Energy, and Trade**

**January 28, 2014**

Chairman Hanna, Ranking Member Murphy, and Members of the Subcommittee, thank you for convening this hearing, and for the opportunity to testify on the work of the Office of the U.S. Trade Representative (USTR) to expand exports for U.S. small businesses.

Under President Obama's leadership, USTR is working closely with our interagency partners to help American businesses of all sizes seize export opportunities and acquire the resources necessary to succeed in the global marketplace.

America's small businesses are key engines of our nation's economic growth, job creation, and innovation. Our small businesses already play a major role in international trade—accounting for nearly 98 percent of all U.S. exporters. Direct and indirect exports by U.S. small businesses support millions of American jobs and account for nearly 40 percent of the total value of U.S. exports of goods and services. Nearly 300,000 U.S. small businesses exported in 2011—with exports of \$440 billion, an increase of 14 percent from 2010.

While these trends are encouraging, we can help our small businesses do more. There is still significant potential for export growth. Only a small fraction of U.S. small businesses are currently exporting. In fact, the United States lags behind many economies in this regard. And, most small exporters sell their goods to only one foreign country and to only one customer in that country.

To expand export opportunities for small businesses and make it easier for them to take advantage of these opportunities, USTR is pursuing a robust trade agenda that supports small businesses and broader economic growth by tearing down barriers and creating new overseas opportunities for U.S. farmers, ranchers, manufacturers, and service providers of all sizes. We are working to level the playing field so that our workers and businesses can compete and

win in a global economy. And, we are also vigorously enforcing our trade rights and insisting that countries fulfill their commitments.

First, the United States currently has in place free trade agreements (FTAs) with 20 other countries. These trade deals have broken down barriers and pried open markets for U.S. products from agriculture to manufacturing to services. This helps all our small businesses—including those that export directly, as well as those that add value throughout the supply chain—by eliminating tariffs, increasing transparency in customs procedures, creating more predictable regulatory and legal frameworks, and promoting stronger intellectual property rights protection and enforcement. In addition, we are using the bilateral committees established under these FTAs to engage on ways we can help small businesses to take advantage of the export opportunities they provide.

Second, USTR is pursuing new trade agreements that when combined with existing FTAs, will represent two-thirds of global trade. We are also working on key multilateral deals that will have important benefits for small services providers and clean technology companies.

- In the Asia-Pacific region, USTR is negotiating the Trans-Pacific Partnership (TPP) with eleven other countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam). The TPP will have significant economic benefits for the United States. It will cut tariffs and break down non-tariff barriers—resulting in an increase in U.S. exports. In fact, according to a study funded by the Peterson Institute, the TPP would generate an additional \$123.5 billion in U.S. exports. These exports will support thousands of additional U.S. jobs. Just as importantly, the TPP will also open the region’s services market to highly-competitive American companies—supporting even more American jobs in sectors from express delivery and telecommunications to education and healthcare services. For small businesses, the TPP will provide new access to Asia-Pacific markets, streamline customs procedures, increase transparency and due process in the regulatory environment in the region, prevent barriers to the free flow of information and requirements to localize servers and other internet infrastructure, and ensure intellectual property rights protection and enforcement. These outcomes will be of particular benefit to small businesses. We hear from small businesses that they often lack the in-house resources to understand and comply with foreign regulatory or documentation requirements or to establish facilities in other countries.

USTR is also working to help small businesses take advantage of the new opportunities that will be provided by the TPP, including by expanding web-based TPP information and resources for small businesses, and establishing a new mechanism to do this in the TPP.

- USTR is also negotiating the Transatlantic Trade and Investment Partnership (T-TIP) agreement with the EU. T-TIP will be high-standard, comprehensive trade and investment agreement aimed at strengthening a partnership that already supports \$1 tril-

lion in annual two-way trade, \$4 trillion in investment, and 13 million jobs in both economies.

We are working closely with stakeholders to identify EU trade barriers that may disproportionately impact American small businesses, so that we can address them in the T-TIP negotiations. To aid in this effort, the U.S.-International Trade Commission will be issuing a report to USTR on these barriers next month, drawing on input received from a public hearing and small business roundtables held around the United States.

T-TIP provisions on small business will build on the existing U.S.-EU cooperation in this area. Since 2011, USTR has engaged in a series of U.S.-EU workshops organized to bring together small business stakeholders and government officials on both sides of the Atlantic to discuss common trade issues of specific interest to small businesses and identify areas for strengthening U.S.-EU cooperation. Through this effort, not only have we been able to better understand challenges small businesses face, we have also taken steps to enhance U.S.-EU cooperation on small business trade promotion activities.

- We are working in the WTO to expand U.S. export opportunities around the globe. The recently concluded WTO Trade Facilitation Agreement is the first major multilateral trade agreement in two decades. Once implemented, the agreement will reduce red tape and bureaucratic delay for goods shipped around the world. Small businesses will be among the biggest beneficiaries of this deal, since they encounter the greatest difficulties in navigating complex customs systems.

- USTR is leading efforts in Geneva to advance negotiations to substantially expand the scope of high-tech products subject to duty elimination under the Information Technology Agreement (ITA). And USTR is also leading negotiations in Geneva on a free trade agreement focused exclusively on services. The Trade in Services Agreement (TiSA) will encompass state-of-the-art trade rules aimed at promoting fair and open competition across a broad spectrum of service sectors. And we have just launched an initiative in Geneva seeking to liberalize trade in environmental goods. These plurilateral agreements, once completed, will help level the playing field and significantly expand export opportunities for American technology and services firms of all sizes.

Of course, to actively and effectively pursue these initiatives, the Administration will need Trade Promotion Authority (TPA). We welcome the introduction of the Bipartisan Congressional Trade Priorities Act of 2014 as an important step towards Congress updating its important role in trade negotiations. We look forward to working with Democrats and Republicans in Congress throughout the legislative process to pass Trade Promotion Authority legislation with as broad bipartisan support as possible.

The United States has the most open markets in the world, but our products and services still face barriers abroad. The high tariffs and barriers faced by our exporters are essentially high taxes that U.S. citizens pay to foreign governments. Such high taxes distort patterns of trade that benefit consumers and producers, which is

why the United States does not charge them. We need every tool we have to knock down the barriers still maintained by other governments. If we do not engage, we will continue to bear the tax imposed by the higher barriers maintained against us by other countries.

Third, USTR is pursuing important initiatives in regional fora to address challenges that face small business exporters. In the Asia-Pacific Economic Cooperation (APEC) forum, for example, the United States and other members are advancing initiatives to: assist U.S. companies, including small businesses, enter and participate in global supply chains; address local content requirements and other localization barriers to trade; and promote greater regulatory coherence to prevent regulatory divergences from turning into non-tariff barriers.

In the Western Hemisphere, USTR is collaborating with other agencies, including the Departments of Commerce and State and the Small Business Administration, to connect more U.S. small businesses to regional partners and to foster entrepreneurship. The Small Business Network of the Americas is helping SBA-supported U.S. Small Business Development Centers (SBDCs) and the companies they serve connect to counterparts in Central and Latin America in order to build further trade links and networks, including with major markets such as Canada, Mexico, and Brazil.

Fourth, USTR is also vigorously enforcing our trade agreements. The Interagency Trade Enforcement Center (ITEC) significantly enhances the Administration's capabilities to challenge aggressively unfair trade practices around the world. Small businesses typically have fewer resources than larger companies to prepare information to enable us to coordinate potential enforcement actions. ITEC enhances the Administration's ability to investigate and pursue enforcement cases critical to U.S. companies, regardless of their size.

Finally, we are working to communicate more effectively how our trade policy initiatives can benefit U.S. small businesses. Ambassador Froman and the USTR team continue outreach to small businesses across the country to highlight export opportunities we have created, and to learn more about new trade challenges and how we might help. In response, USTR is collaborating with other agencies to provide more on-line tools and information to make it easier for small businesses to do market research and identify tariff rates for specific products under existing U.S. FTAs.

USTR is committed in partnership with other federal agencies to helping U.S. small businesses compete and succeed in the global economy. Thank you for this opportunity to testify about USTR's efforts to expand export opportunities for this critical segment of the U.S. economy.

**Small Business Trade Agenda: Status and Impact of International Agreements****January 28, 2014****Questions for the Record (QFRs)****Rep. Tipton**

**1. Regarding Trade Promotion Authority (TPA), can you explain how USTR works with members of Congress to ensure that our issues and concerns are being addressed? How often do you reach out to Congress?**

**a. On the same subject of TPA, can you explain how you work with small business to gather their input on the trade agreements?**

**b. And what is the process for communicating the trade text to interested businesses in my district?**

We think it is critical that Congress, stakeholders, advisers, and the public have a robust opportunity for engagement to ensure that we're getting the best input—and that we are also explaining what we are doing, how we are doing it, and why we are doing it. That is why during trade negotiations, we engage in hundreds of Hill consultations with Congressional Members and staff on all chapters of the agreement, consistently requesting input on the direction, focus, and content of ongoing negotiations. Any Member of Congress can see text upon request, with USTR staff available to provide explanations, answer questions, and receive Congressional guidance.

We are negotiating these agreements with an eye toward helping small businesses benefit from new trade and investment opportunities. That's why USTR, the Small Business Administration, and the U.S. International Trade Commission recently teamed up to convene a nationwide series of roundtables with small firms in over 20 cities from coast to coast this fall, along with a hearing in Washington DC. USTR has also worked with our colleagues at Department of Commerce and the Small Business Administration to speak with the U.S. Export Assistance Centers and Small Business Administration Regional Offices regarding what they are hearing from small businesses across the country.

We also work closely with our Congressionally-mandated advisory committee system, including members from businesses large and small, labor unions, environmental groups, consumer groups, health groups, state and local government, and academia to obtain input on our trade agreements. Among the sixteen Industry Advisory Committees (ITACs), the ITAC for Small and Minority Business is one specifically designed to provide policy and technical advice and recommendations to the USTR and to the Secretary of Commerce regarding trade

barriers, negotiations of trade agreements, and implementation of existing trade agreements affecting small business.

We also publish a notice in the Federal Register seeking comments from the public, including small businesses, and hold a public hearing before initiating negotiations. During the negotiations of agreements such as the Trans-Pacific Partnership Agreement, USTR conducts stakeholder events at which interested members of the public have the opportunity to present views to negotiators and receive updates on the negotiations.

**2. One of the top trade barriers we hear from small firms is the ability to understand changes in foreign regulations—mainly non-tariff barriers. That's why I introduced H.R. 1916, the Transparent Rules Allow Direct Exporting (TRADE) for Small Business Act, which would require the Department of Commerce to work with USTR to clearly publish changes in foreign regulations on [export.gov](http://export.gov) or a substitute website. This will provide a one-stop source for small firms to stay current on changing foreign regulations. Would the Administration support this initiative? And what are you doing to currently help small firms in navigating foreign barriers?**

USTR is working with other agencies to help small businesses take advantage of the opportunities that our trade agreements provide, including by expanding web-based information and resources for small businesses. For example, USTR, the Department of Commerce, and the Small Business Administration launched the FTA Tariff Tool. This free, online tool (<http://export/FTA/ftatarifftool/index.asp>) can help small businesses take better advantage of the reduction and elimination of tariffs under U.S. free trade agreements (FTAs). The FTA Tariff Tool was expanded to include tariff information on textiles and apparel products, as well as rules of origin under U.S. FTAs, and will eventually be expanded to include these provisions drawn from new regional free trade agreements such as the TPP agreement.

U.S. businesses that would like to be notified of changes to foreign technical regulations that can affect their business and access to international markets can register for Notify U.S., a free, web-based email registration service provided by the National Institute of Standards and Technology (NIST) of the U.S. Department of Commerce (<https://tsapps.nist.gov/notifyus/data/index/index.cfm>).

**3. Last August the Government Accountability Office (GAO) issued a report, requested by our Committee, which showed the federal government needs to better manage, collaborate and promote trade programs so that export resources can be more efficient. Our Committee has been focused on reducing duplication in government agencies to help small firms understand where to access the appropriate information. How are you working with the trade agencies to reduce duplication,**

**and to help prepare small firms for new export opportunities?**

USTR is committed to working in partnership with other federal agencies to help U.S. small businesses compete and succeed in the global economy. In addition to USTR's formal interagency trade policy process, we work closely with interagency partners to promote small business exports through the Trade Promotion Coordinating Committee's (TPCC) Small Business Working Group, members of which also include the Departments of Commerce, State, and Agriculture, the Small Business Administration (SBA), the U.S. Export-Import Bank, and others across the Government. The TPCC Small Business Working Group connects U.S. small businesses to trade information and resources to help them begin or expand their exports and take advantage of existing trade agreements. Moreover, our newest FTAs, such as the Transatlantic Trade and Investment Partnership (T-TIP) and Trans-Pacific Partnership (TPP), will include chapters specifically designed to promote information sharing and cooperative activities to benefit small- and medium-sized enterprises (SMEs). This will allow U.S. SMEs to leverage the full benefits and opportunities provided by the agreements.

**4. Another report issued by the Government Accountability Office (GA), and appropriately titled, "Small Business Administration Needs to Improve Collaboration to Implement Its Expanded Role," explains the duplication and lack of coordination from the SBA. In your opinion, what role should SBA play in the overall trade promotion function?**

USTR is engaged with SBA on a range of activities to communicate more effectively how our trade policy initiatives can benefit U.S. small businesses. For example, SBA has been a key partner in reaching out to small businesses through roundtables around the United States to obtain their input on Trans-Atlantic Trade and Investment Partnership negotiations (T-TIP) and trade barriers that may disproportionately impact small businesses exporting to the European Union. SBA is also a key partner, along with other agencies, to provide more online tools and information to make it easier for small businesses to do market research and identify tariff rates for specific products under existing U.S. FTAs.

**Rep. Mulvaney**

**1. Some countries participating in the Trans-pacific Partnership (TPP) Agreement have a vast number of SOEs that have the financial backing and support of their national government and may have goals other than achieving a profit. Naturally, many small firms cannot compete with a SOE over the long term. How is USTR working to ensure that the small businesses in my district will not face unfair competition against a state owned enterprise? Please provide information specific to the TPP negotiations and draft language, as well as**

**any other initiatives USTR is undertaking with respect to SOEs generally.**

The goal of the TPP agreement is to level the playing field for U.S. workers and companies, including small businesses. That is why the TPP agreement includes new disciplines to address unfair competition from State-owned enterprises (SOEs). These issues have become increasingly serious concerns for U.S. industry and workers. We are seeking for the first time ever to establish clear rules through the TPP agreement that ensure that SOEs that are engaged in commercial activities that are competing with commercial firms are not receiving unfair advantages from the governments that own them. We are also working to increase transparency, so we know the extent of government participation in and support of SOEs. At the same time, we are drafting the obligations in a way that does not limit our own ability—or that of other TPP countries—to provide essential public services through SOEs.

**2. How is USTR addressing currency manipulation in Vietnam in regard to the TPP?**

Currency is an issue we care a great deal about and we understand Members of Congress in both the House and Senate do as well. The Treasury Department has the lead, but we are consulting with Congress and other TPP partners on the best way to address the issue of currency.

**3. Vietnam is insisting on a flexible rule of origin—or “single transformation”—for textiles in TPP. This would allow Vietnam to continue to buy Chinese government-subsidized components for its apparel for duty free export to the U.S. The U.S. has insisted on the yarn forward rule of origin, which has governed the U.S.’s free trade agreements for the past 25 years.**

**a. Is USTR concerned that adopting a flexible rule of origin could allow China to use Vietnam as a “backdoor” to sell its textile products to the U.S. market? Why or why not?**

**b. With respect to the U.S.’s proposed rule of origin, which USTR has advised us will include a “short supply” list, what is USTR doing to ensure that that list of exceptions does not swallow the rule and leave open an avenue for Chinese components?**

**c. How does the USTR plan to address enforcement of the textiles provisions of the TPP, both generally and with respect to China specifically?**

Overall, our objectives for the TPP agreement on textiles and apparel are to encourage and promote regional production and trade for the textile sector, to advance regional economic integration, and to obtain significant market access opportunities for our industries. We are also seeking special customs enforcement procedures and commitments, as we have in past agreements, so that we can ensure the integrity of the agreement. We recognize that this requires a careful balancing of interests in the sector.

In the TPP agreement, we are seeking a high-standard rule of origin, and the “yarn-forward” approach is at the core of our proposal. In order to ensure the yarn-forward approach works effectively, we are considering categories where limited exceptions would be appropriate in cases of insufficient production of inputs in the TPP countries. These products, found to be in “short supply”, have been vetted with our domestic industry and our import community, as well as those of our TPP partners, to assure that these rules navigate a deliberate and careful space where they provide opportunities for apparel production while encouraging opportunities for yarn and textile producers to export. In addition, we are seeking to ensure that the benefits of the TPP agreement are limited to the countries that will be party to the agreement through carefully crafted rules of origin and the inclusion of special customs procedures to ensure the proper enforcement of those rules and other related commitments.

**4. Most of our prior free trade agreements have included extended duty phase-out periods of 10 years or longer for sensitive textile products to ensure appropriate transition times for U.S. textile producers and workers. What is USTR’s negotiating position with respect to phase out periods for sensitive textiles in the TPP and what is USTR doing to achieve these extended phase out periods? If extended phase-outs are not achieved, I have concerns about the impact that may have on industry my district and state.**

We worked in close consultation with the U.S. industry and other stakeholders as we developed our proposal for tariff elimination for textiles and apparel in the TPP agreement. Our approach to tariff elimination in the TPP agreement provides meaningful access to our TPP partners while providing sufficient time for our domestic industry and existing global partners to adapt. This proposal specifically addresses transition periods and the need to appropriately consider sensitive textile and apparel products. We will continue to consult with interested stakeholders on these issues, and will follow-up with you on matters of concern.

Our proposal in the TPP agreement also contains textile-specific commitments to ensure strong and effective customs cooperation and enforcement, as well as a textile-specific safeguard mechanism that would allow parties to respond quickly to any damaging increases in imports under the TPP agreement by providing temporary tariff relief to domestic producers. Both of these provisions were developed in response to domestic textile industry concerns and have been an integral part of our recent free trade agreements.



2100 M Street N.W., Suite 200      Tel: (202) 785-4185      general@stewartlaw.com  
 Washington DC 20037      Fax: (202) 466-1286/87/88      www.stewartlaw.com

February 4, 2014

**VIA EMAIL**

The Honorable Richard Hanna, Presiding Chairman  
 The Honorable Patrick Murphy, Ranking Member  
 Subcommittee on Agriculture, Energy and Trade  
 House Small Business Committee  
 2361 Rayburn House Office Building  
 Washington, D.C. 20515

**RE: Written Submission for the Record of Terence P. Stewart, Managing Partner,  
 Law Offices of Stewart and Stewart on *Small Business Trade Agenda: Status  
 and Impact of International Agreements*, January 28, 2014**

Dear Presiding Chairman Hanna and Ranking Member Murphy:

In response to the January 28, 2014 House Small Business Committee Subcommittee on Agriculture, Energy and Trade hearing on *Small Business Trade Agenda: Status and Impact of International Agreements*, I hereby submit these comments for the record. Stewart and Stewart has represented a wide variety of industries and worker groups over the years on trade matters and many of our existing clients operate internationally. These views, however, are mine and do not necessarily reflect the views of our clients or my firm.

**Summary**

The current trade agenda includes many initiatives that may serve as a platform for significant export growth for small and medium-sized companies by opening new markets and removing trade barriers that have been significant impediments of expansion. However, expanded opportunities are not guaranteed if we maintain the status quo of past trade agreements. The reality is that over the past forty years, the United States has experienced a ballooning trade deficit in goods of more than \$11.9 trillion, and with ongoing deficits in recent years reaching \$700 billion per year. While a range of factors contributed to the deficit, the future success of small and medium-sized businesses demands that past problems are taken into consideration when crafting trade legislation and negotiating trade agreements. Whether due to a failure to address issues of reciprocity and/or because enforcement was too difficult or too limited, past trade agreements have promised but not been able to deliver reciprocity in fact.

**P** Member, International Society of Primerus Law Firms

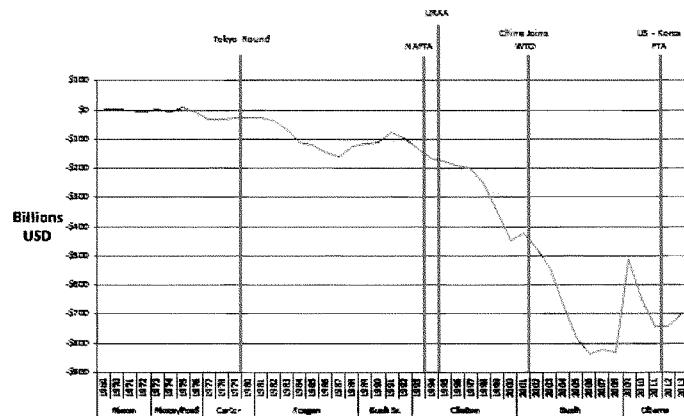
**What has happened in trade since the first TPA legislation in 1974?**

The last forty years have seen an explosion of trade, with both imports and exports expanding many fold—32 times for imports and 22 times for exports. This is potentially good news from an economic perspective as such expanded trade permits companies to focus on areas of competitive advantage and for consumers to benefit from greater choice and potentially more competitive goods.

But as the following chart shows, in the same forty years, the United States has gone from a nation with balanced trade to a country that imports roughly fifty percent more than it exports, amassing a trade deficit in goods of more than \$11.9 trillion since 1974 and with ongoing deficits in recent years being some \$700 billion per year. (Data used for the chart are contained in a table at the end of this submission.)

The reality is that the past forty years have expanded trade but at the direct cost to Americans of millions of manufacturing jobs. Indeed, using U.S. Department of Commerce figures for jobs supported by exports in 2012 as a conservative estimate of lost jobs in the U.S. from imports that may be more labor intensive—5,359 jobs per \$1 billion dollars of exported goods—the trade deficit in 2013 cost the United States over **3.75 million jobs in that year alone**. (Martin Johnson & Chris Rasmussen, U.S. Department of Commerce, *Jobs Supported by Exports 2012: An Update* (Feb. 26, 2013).) Applying the very conservative 5,359 jobs per \$1 billion of exports to the accumulated trade deficit in goods since 1974—\$11.947 trillion—suggests that the United States has **lost more than 64 million employee years of work because of the trade deficit**.

**Yearly Balance of Trade by Administration (BOP Basis)**



Indeed, this chart shows that U.S. companies have not necessarily realized the full benefit of the bargain from our past trade agreements. Going forward, Congress and the Administration must address the factors that have led to the trade deficit in order to allow small and medium sized businesses to succeed in the global marketplace.

First, market access commitments made by trading partners at the WTO and/or in FTAs should have improved reciprocity for U.S. companies and workers. The inability to obtain compliance with existing obligations by some trading partners in some sectors has been a perennial problem for U.S. exports.

- a. For example, Japan's automobile market and barriers to participation in the motor vehicle and motor vehicle parts sector is as closed today in fact as it has been since the 1960s.
- b. U.S. agriculture is blocked for many improper reasons around the world, whether in the EU, Asia, or elsewhere. China's continued refusal to open its market to U.S. beef is one classic example.
- c. Many academics and sectors of the U.S. economy have been complaining for years about currency manipulation that distorts trade by encouraging exports and limiting imports – Japan, Korea, and China have been frequently cited by the private sector as posing major concerns. For example, in a recent study, C. Fred Bergsten and Joseph Gagnon of the Institute for International Economics estimate

that \$200-500 billion of the U.S. current account deficit is caused by currency manipulation, most of that by China.

d. And the list of problems U.S. exporters and companies face with China not complying with its WTO commitments is stunning as the 2013 USTR report to Congress on China's WTO Compliance (159 pages) reveals. The role of state-owned and state-invested enterprises, the interference with investment decisions through the requirements of technology transfer and local content requirements, the use of WTO-illegal export restraints, the retaliatory use of trade remedies by China—the list goes on and on. While U.S. exports to China have grown, the ratio of U.S. imports from China versus U.S. exports to China remains at 4 to 1, with China accounting for a huge part of our overall trade deficit—43.3% in 2012 (U.S. International Trade Commission website, total exports – U.S. general imports) and 46.2% in 2013 (1<sup>st</sup> eleven months). **Every year that the United States is not able to get the benefit of the bargain from China's accession our deficit grows. We are now running an annual deficit with China of more than \$300 billion, meaning a loss of manufacturing jobs of more than 1.6 million in the last year.**

Moreover, the large distortions caused by the differential treatment of direct and indirect taxes under GATT and now WTO rules place U.S. manufacturers and agricultural producers at severe disadvantages because of the remission of indirect taxes by our trading partners can be very large (up to 20% or more from Europe) effectively being export subsidies which are not addressable within the United States on imported product, and a double taxation on U.S. exports when entering the some 160 countries with indirect tax systems (e.g., value added tax) as such taxes are applied at the border on imported goods. It affects service providers as well. The peculiar discrimination against U.S. companies and their workers from the inability of the United States to get trading partners to address the issue or of Congress to agree on an approach that would convert our tax structure to one that more closely resembles many of our trading partners seriously handicaps U.S. companies and their workers. This is true for all sized companies but certainly harms small and mid-sized businesses interested in exporting.

**What can Congress do to ensure that small and medium-sized businesses benefit from trade?**

As 2014 begins, the United States is involved in a variety of trade negotiations to try to liberalize trade in various sectors, with various countries, or within the World Trade Organization ("WTO") more broadly. Some of the trade negotiations are large in potential economic effect:

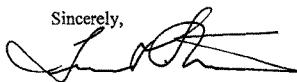
- The Trans Pacific Partnership negotiations with Japan, Malaysia, Vietnam, New Zealand, Brunei, Canada, Mexico, Australia, Chile, Peru, and Singapore, as well as the potential additions of Indonesia, the Philippines, Taiwan, Thailand, and China.
- The Trans-Atlantic Trade and Investment Partnership negotiations with the EU.
- The Trade in Services Agreement among willing WTO Members.

- A work program for the remaining portions of the Doha Development Agenda and a legal scrubbing of the Trade Facilitation Agreement adopted at the Bali Ministerial.
- Deepening commitments under the Government Procurement Agreement.
- The recently announced plans to start negotiations among many APEC countries and other interested WTO members for trade liberalization in environmental goods.
- And finally, Trade Promotion Authority legislation.

These trade initiatives present important opportunities for small and medium enterprises, and there should be no reason why these companies cannot expand their exports in a manner that promotes true reciprocity if Congress and the Administration ensure that the path forward is not simply a continuation of the path on which we have been. A balanced trade policy should include tools and triggers which permit much more automatic enforcement mechanisms to safeguard the reciprocity our negotiators seek with our trading partners when problems of compliance arise. And the Administration and the Congress need to see that biases against U.S. goods and services are addressed in fact and corrected. This includes currency manipulation and misalignment, discriminatory treatment for countries (principally the United States) who rely on direct taxes vs. those relying on indirect taxes, state-owned/state-invested and state-directed companies and enterprises (including cartel behavior by governments). These are serious issues and need carefully crafted solutions that will provide reciprocity in fact.

In conclusion, in order to maximize the benefits of trade liberalization for small and medium businesses, Congress and the Administration must proactively confront issues such as currency manipulation and discriminatory practices against the United States either in trade agreements, in national legislation, or both. With the appropriate mechanisms in place, small and medium-sized businesses can truly benefit from expanded trade.

Sincerely,



Terence P. Stewart

Attachment

**U.S. Trade in Goods – Balance of Payments (BOP) Basis vs. Census Basis**  
 Value in Millions of Dollars  
 1969 through 2013

Period	Balance		Exports		Imports	
	BOP Basis	Census Basis	BOP Basis	Census Basis	BOP Basis	Census Basis
1969	607	1,289	36,414	37,332	35,807	36,043
1970	2,603	3,224	42,469	43,176	39,866	39,952
1971	-2,260	-1,476	43,319	44,087	45,579	45,563
1972	-6,416	-5,729	49,381	49,854	55,797	55,583
<b>Nixon</b>	<b>-5,466</b>	<b>-2,692</b>	<b>171,583</b>	<b>174,449</b>	<b>177,049</b>	<b>177,141</b>
1973	911	2,389	71,410	71,865	70,499	69,476
1974	-5,505	-3,884	98,306	99,437	103,811	103,321
1975	8,903	9,551	107,088	108,856	98,185	99,305
1976	-9,483	-7,820	114,745	116,794	124,228	124,614
<b>Nixon/Ford</b>	<b>-5,174</b>	<b>236</b>	<b>391,549</b>	<b>396,952</b>	<b>396,723</b>	<b>396,716</b>
1977	-31,091	-28,352	120,816	123,182	151,907	151,534
1978	-33,927	-30,205	142,075	145,847	176,002	176,052
1979	-27,568	-23,922	184,439	186,363	212,007	210,285
1980	-25,500	-19,696	224,250	225,566	249,750	245,262
<b>Carter</b>	<b>-118,086</b>	<b>-102,175</b>	<b>671,580</b>	<b>680,958</b>	<b>789,666</b>	<b>783,133</b>
1981	-28,023	-22,267	237,044	238,715	265,067	260,982
1982	-36,485	-27,510	211,157	216,442	247,642	243,952
1983	-67,102	-52,409	201,799	205,639	268,901	258,048
1984	-112,492	-106,702	219,926	223,976	332,418	330,678
<b>Reagan</b>	<b>-244,102</b>	<b>-208,888</b>	<b>869,926</b>	<b>884,772</b>	<b>1,114,028</b>	<b>1,093,660</b>
1985	-122,173	-117,711	215,915	218,815	338,088	336,526
1986	-145,081	-138,279	223,344	227,159	368,425	365,438
1987	-159,557	-152,119	250,208	254,122	409,765	406,241
1988	-126,959	-118,526	320,230	322,426	447,189	440,952
<b>Reagan</b>	<b>-553,770</b>	<b>-526,635</b>	<b>1,009,697</b>	<b>1,022,522</b>	<b>1,563,467</b>	<b>1,549,157</b>
1989	-117,749	-109,399	359,916	363,812	477,665	473,211
1990	-111,037	-101,719	387,401	393,592	498,438	495,311
1991	-76,937	-66,723	414,083	421,730	491,020	488,453
1992	-96,897	-84,501	439,631	448,164	536,528	532,665
<b>Bush</b>	<b>-402,620</b>	<b>-362,342</b>	<b>1,601,031</b>	<b>1,627,298</b>	<b>2,003,651</b>	<b>1,989,640</b>
1993	-132,451	-115,568	456,943	465,091	589,394	580,659

1994	-165,831	-150,630	502,859	512,626	668,690	663,256
1995	-174,170	-158,801	575,204	584,742	749,374	743,543
1996	-191,000	-170,214	612,113	625,075	803,113	795,289
<b>Clinton</b>	<b>-663,452</b>	<b>-595,213</b>	<b>2,147,119</b>	<b>2,187,534</b>	<b>2,810,571</b>	<b>2,782,747</b>
1997	-198,428	-180,522	678,366	689,182	876,794	869,704
1998	-248,221	-229,758	670,416	682,138	918,637	911,896
1999	-337,374	-328,821	698,218	695,797	1,035,592	1,024,618
2000	-446,942	-436,104	784,781	781,918	1,231,722	1,218,022
<b>Clinton</b>	<b>-1,230,965</b>	<b>-1,175,205</b>	<b>2,831,781</b>	<b>2,849,035</b>	<b>4,062,745</b>	<b>4,024,240</b>
2001	-422,512	-411,899	731,189	729,100	1,153,701	1,140,999
2002	-475,842	-468,263	697,439	693,103	1,173,281	1,161,366
2003	-542,273	-532,350	729,816	724,771	1,272,089	1,257,121
2004	-666,364	-654,830	821,986	814,875	1,488,349	1,469,704
<b>Bush</b>	<b>-2,106,991</b>	<b>-2,067,342</b>	<b>2,980,430</b>	<b>2,961,849</b>	<b>5,087,420</b>	<b>5,029,190</b>
2005	-784,133	-772,373	911,686	901,082	1,695,820	1,673,455
2006	-838,788	-827,971	1,039,406	1,025,967	1,878,194	1,853,938
2007	-822,743	-808,763	1,163,605	1,148,199	1,986,347	1,956,962
2008	-833,957	-816,199	1,307,329	1,287,442	2,141,287	2,103,641
<b>Bush</b>	<b>-3,279,621</b>	<b>-3,225,306</b>	<b>4,422,026</b>	<b>4,362,690</b>	<b>7,701,648</b>	<b>7,587,996</b>
2009	-510,550	-503,582	1,069,475	1,056,043	1,580,025	1,559,625
2010	-650,156	-635,362	1,288,795	1,278,495	1,938,950	1,913,857
2011	-744,139	-727,765	1,495,853	1,480,290	2,239,991	2,208,055
2012	-741,475	-729,611	1,561,239	1,545,709	2,302,714	2,275,320
<b>Obama</b>	<b>-2,646,320</b>	<b>-2,596,320</b>	<b>5,413,362</b>	<b>5,360,537</b>	<b>8,061,680</b>	<b>7,956,857</b>
2013	-700,625	-743,444	1,595,562	1,579,690	2,291,145	2,265,428
<b>Totals</b>	<b>11,957,192</b>	<b>11,605,326</b>	<b>24,107,646</b>	<b>24,088,286</b>	<b>36,059,793</b>	<b>35,635,905</b>
<b>1975-2013</b>	<b>11,947,132</b>	<b>11,601,139</b>	<b>23,766,347</b>	<b>23,742,535</b>	<b>35,708,434</b>	<b>35,285,967</b>

Source: U.S. Department of Commerce's Bureau of Economic Analysis. 2013 data annualized based on January – November data.

